Keywords

Retail, branding, private label, store brand, corporate brand

Introduction

Retailers, in their constant battle to attract consumer attention and spending, seek to answer one question: how do I get the consumer to notice and patronize my business? One component of any answer is branding. For Richardson, Dick and Jain (1994) retailers have a simple choice:

They can view themselves either as passive distributors of manufacturers’ brands or as active marketers of their own proprietary store brands. The former strategy has been the prevalent one adopted by American retailers … The problem with this strategy is obvious: chains become little more than warehouses for manufacturers’ products (p. 35).

This quote encapsulates the fundamental branding issue for retailers. Do they simply re-sell someone else’s products, which any retailer can do? Or do they differentiate themselves by developing their own products, and leverage their own brand reputation? As channel power has shifted from manufacturers to retailers so the potential and scope of retail branding has expanded, from branding product lines to branding the store to corporate branding.
In historical times shops carried externally the sign of the retail trade operated (e.g. butcher, hatmaker, pharmacist). Nowadays the brand name and/or fascia of the retailer provide this line of trade information. When retailers were essentially the passive recipients of products from manufacturers, their ability to differentiate themselves was constrained and was related mainly to advantages of location and the personality of the independent shopkeeper. With the development of chain-based retailing, efficiencies in operations and supply were marketed to consumers. Individual retail chains become ‘known’ for particular products and services. Retailers aimed to proactively differentiate themselves from their competitors, for example through exclusive products, services or market positioning. The aim was to satisfy customer needs “better” than their competitors through the range of goods, services and customer interactions, and to communicate this difference. Retailers thus actively communicate, promote, market and operationalize their image through branding, developing and reinforcing consumer attitudes and perceptions. Retailers have become identifiable brands in their own right. Tesco’s ‘Every Little Helps’, John Lewis’ ‘Never Knowingly Undersold’ or Wal-Mart’s ‘Lowest Prices – Always’ are convenient shorthands for the market values and identity these retailers want consumers to believe. IKEA, H&M, Aldi, Zara, Next, Specsavers, Whole Foods Market, Primark or Dollar General all conjure up distinct identities or positions in consumers’ minds, based around the reputation encapsulated in their brand names.

Branding in retailing is not new, but this modern conceptualization is far removed from the original ‘name on a product’ brandmark. Retailers as brands go beyond a simple ‘product label’ by positioning the retailer as an organizational entity in consumers’
minds or even developing a personality, ideology or mythology. This is obvious in fashion retail brands such as Louis Vuitton, Dolce and Gabbana, Abercrombie & Fitch or Stella McCartney, but is equally apparent in the case of mass-market retailers such as Sainsbury, Casino, John Lewis, B&Q, Wal-Mart. Target, 7-Eleven and IKEA. The conceptualization and operationalization of the modern retailer brand develops a broad, integrated, brand architecture embraced by consumers, products, stores, and the company itself.

This chapter presents the development and implications of modern retail branding, through considering four main issues. We begin with an examination of the retailer’s identity and the scope for differentiation in an increasingly crowded marketplace. This sets the scene for a review of retail product brands (private labels), followed by a discussion of the emergence of retail store branding and corporate branding. The final section examines contemporary issues in retail branding.

**The Retailer’s Identity**

The idea that retailers seek competitive differentiation is not a new one. Martineau (1958) suggested that competitive differentiation derived from store image, which was defined as the ‘personality’ a store possesses in consumers’ minds. Considerable effort has been expended in trying to identify what the components of store image might be and how they might be used. Lindquist (1974) identified a set of tangible and intangible factors which contributed to store image. Research has been divided on whether store personality or store image is the sum of a set of distinctive parts or components (e.g. Lindquist, 1974) or the overall generalized perception that consumers hold of the store (Dichter, 1985; Doyle and Fenwick, 1974). A further challenge is that
consumer perceptions of stores vary over place and time and relative to existing competition in the market (McGoldrick, 1998).

It is generally held that a positive store image is one of the important determinants of success in retailing, being linked to store choice, store loyalty and store positioning. Yet the complexity of defining and measuring store image leads to inconsistencies in conceptualization and operationalisation. Retailers themselves however consider the positioning of their stores in competitive markets and use their brands and corporate activities to differentiate themselves from others, and to produce an identity in consumers’ minds. The crucial question may not be what is the store image of a retailer but rather what is a retailer’s identity?

Kapferer (1986) took the view that retailers’ advertising was generally very ‘mechanical’, due to a focus on the behavioral, rather than on the attitudinal, activities and approaches of consumers. Thus, much retailer advertising focuses on price and private brands which are easily copyable, functional, parts of the retail offer. Consumers ‘buy’ these attributes and so marketers use them. Kapferer’s point is that consumers’ motives for their actions are both perceptual and attitudinal. It is this broader ‘engagement’ with the retailer that is the true mark of differentiation and identity. Consequently, Kapferer criticized retailers for not advertising their actual ‘product’ (i.e. the store) in a coherent, consistent and total manner, and ignoring important questions such as: what is the store or company personality or identity and how will this help consumers do their shopping and live their lives? As a result, many retailers have been primarily engaged in an advertising battle focused on the latest price cuts, never-ending sales and the drive to be seen to be the cheapest.
By focusing on attitudes, Kapferer moves from *what* should be ‘said’ to consumers, to *how* to say it, arguing that the repertoire of words, visuals, symbols, colours etc. prevalent in retailing is important in achieving differentiation. This is captured in his ‘identity prism’ which focuses retailers’ attention on their communications with consumers. The identity prism has six facets:

1. Physical: the functional attributes of the store and of the offer e.g. opening hours, price position.
2. Personality: often comprised of symbols or personalities used in promotion e.g. Toys ‘R’ Us uses a giraffe.
3. Relational: essentially conveyed by sales staff and the support they give and are given (or not).
4. Cultural: retailers relate to the culture from which they originate e.g. IKEA has a strong culture deriving from Sweden.
5. Customers’ Reflection: the image of the customers that the retailer portrays e.g. aspirational imagery such as Abercrombie & Fitch.
6. Customers’ Self Concept: the image of the customer that is portrayed by the customer patronizing the store e.g. astute price conscious shopper signified by using Aldi.

These six facets (many of which are not copyable) emphasise the importance of symbolic actions and approaches, looking beyond the core functional attributes of the retail offer. By going beyond functionality, Kapferer points to the way in which signs, symbols, and colour can be used to match the needs of consumers. Words and text in stores, on leaflets, and in advertisements are understood and decoded by consumers. Colours, lighting and music in stores signal positioning and structure the retail environment. The products, services and environment in store differentiate the retailer. These issues are very familiar to brand marketers.
Retailers are in control of considerable parts of their broad environments and construct these to focus on consumers. Whilst retail stores are artificial, controlled environments, which need to ‘speak to’ the consumers the retailer is targeting, identity and reputation go beyond just the product and the store. All the actions and statements of a retailer (and its staff) are subject to interpretation by consumers. Thus retailers need to manage not only in-store actions but all communications and behaviours, whether verbal or not. Retailers, ultimately, are not engaged so much in store image generation or brand presentation but rather in the development of an identity through corporate branding, using merchandise, services, staff, stores etc. to deliver a consistent, coherent and clear brand position and corporate identity.

As retailers seek to build a clear brand identity, they need to make choices about their brand architecture and the brand hierarchy that they adopt and utilise. Retailers can have brands at the level of product lines (private labels, private brands), the retail store (a Metro or Extra store), the company (the corporate brand) and indeed by reflection, the customer. Choices of adopting an umbrella, family or mixed brand strategy, as well as integrating brand extensions, point to the inter-relationship complexity that is possible in retail branding. For academics, this practice opens up a very wide field of research (Burt and Davies, 2010).

From this starting point we now consider how retailers have applied branding principles in retailing, first through investment in retail product brands (i.e. private labels and private brands) and then retailer brands (i.e. store and corporate brands).
Retail Product Brands

There is a long history of manufacturers, retailers or distributors putting their name on products (branding them). When power and advertising are concentrated at the manufacturer level, consumers become familiar with manufacturer brands and seek them out. In such circumstances retailers, the recipients of manufacturer branded products, primarily become shelf-space providers for manufacturers, with pricing guided by the manufacturers. Or as Richardson, Dick and Jain (1994, p. 35) note in this chapter’s opening quotation; retailers become “warehouses for manufacturer’s products”. Consumer loyalty is to the manufacturer brand product not to the retailer who sells it.

In most product sectors, however, retailers have become larger and more powerful than manufacturers and less inclined to accept the dictates and whims of manufacturers and distributors. In some retail sectors, such as fashion, vertical marketing systems and approaches have emerged. These project, to the consumer at least, a seamless integration of manufacturer, distributor, and retailer. The channel has become the brand and it is difficult for the consumer to discern if they are purchasing from a manufacturer who retails their own products or a retailer who makes their own products – nor do they necessarily care. In other retail sectors, identified by more traditional channel characteristics, branding and brand power has developed in a slightly different manner, but ultimately with the retailer exercising their increasing and greater power.

As retailers in these sectors have become more powerful and begun to assume channel leadership, they have sought to counter the power of manufacturers and exploit their pivotal position as the contact point for consumers. This battleground was fought out
initially over price and the ability or not for retailers to price below the recommended re-sale price. If most retailers have the same products at the same price then competition is restricted. By reducing price and discounting, retailers could begin to differentiate themselves. But under resale price maintenance such operations required a source of supply of non-price controlled products. Retailers obtained some of these products via non-traditional sources (e.g. the grey market) or else contracted with lesser known manufacturers to produce product versions directly for them. Such products might carry manufacturer names unknown to the consumer, not carry any branding at all (generics), or be sold under a brand name related in some way to the retailer (private label and private brand). Such products typically undercut the manufacturer branded products on price, also often on quality, but allow price competition to attract consumers. For smaller manufacturers, producing private labels may be sensible and profitable as they seek to compete with leading brands and use their own (sometime spare) production capacity.

The description above explains the origins of generics (no-name products), private labels (a label named for the retailer) and private brands (a label controlled by, and possibly named for, the retailer). Initially such products were positioned to compete with manufacturer brands and to attract the price-conscious consumer. Such products, are also by definition exclusive to the retailer associated with them and can not be found in competitors’ stores. They therefore provide a point of differentiation.

As the sales of retail product brands, particularly in the FMCG market, grew and began to dominate many product categories, academic research sought to explain this growth (e.g. Dhar and Hoch, 1997), and why these products were sold by retailers (Pauwels and
Srinivasan, 2004; Steiner, 2004). Several motives were identified including the potential of private brands to: generate higher margins and improve category profitability (Raju, Sethuraman and Dhar, 1995; Hoch and Banerji, 1993); provide a source of differentiation from competitors and improve retailer image (Scott Morton and Zettelmeyer, 2004); engender greater store and retailer loyalty (Binninger, 2008; Corstjens and Lal, 2000; Steenkamp and Dekimpe, 1997); lower the financial risk of new product launch and allow a segmented product range of satisfy needs and values of different customer groups (Sayman et al, 2002).

The context in which this academic work takes place however is important. In the late 1990’s Dhar and Hoch (1997) suggested that, ‘US store brands usually are not quite up to the quality standards of the top national brands and always are priced at a discount’ (p. 209). The historical view of retail branding in the US tradition has tended to focus overwhelmingly on the role of private labels/store brands as product brands and not on the wider conceptualisation or the strategic and corporate practices of branding evident in European grocery retailing (raised by Kapferer (1986) and discussed further later).

A number of core themes have emerged in private brand research on both sides of the Atlantic. Attempts have been made to determine the characteristics of private brand customers, but have failed to determine consistent consumer profiles. This has been explored in many national contexts (e.g. Mártinez and Montaner, 2008; Baltas and Argouslidis, 2007; Zielke and Dobbelstein, 2007; Bonfrer and Chintagunta, 2004; Ailawadi, Gedenk and Neslin, 2001). It is now accepted that that a wide range of customers with different demographic, socio-economic, lifestyle and value profiles purchase private brand products. The stereo-typical private brand consumer as a distinct
consumer segment does not really exist – everyone (or almost everyone) buys private brand products.

A second stream of research sought to identify the attributes of retail product brands which were of greatest interest to consumers (e.g. Glynn and Chen, 2009; Baltas, Doyle and Dyson, 1997; Grunert et al., 2006). As the retail product brand has evolved over time, the actual and perceived quality gap with national brands has declined (Quelch and Harding, 1996; Hoch and Banerji, 1993), or been eliminated, as has the price differential between the two; other marketing related attributes have increased in importance. As a result research into product attributes has became more multi-dimensional, encompassing perceived risk, presentational issues (shelf space, packaging cues and positioning) and product category and retail format considerations (Ter Braak, Geyskens and Dekimpe, 2014; Ter Braak, Dekimpe and Geyskens, 2013).

Other studies have investigated intra-brand competition at the product level. Two topics have been of particular interest. First, the relationship of private brands with the wider category assortment, for example their impact on: assortment profitability (Ailawadi and Harlam, 2004); category price levels (Anselmsson et al, 2008; Bonfrer and Chintagunta, 2004); price and variety levels (Olbrich and Grewe, 2009); and the allocation of shelf space (Amrouche and Zaccour, 2007; Fernandez Nogales and Gomez Suarez, 2004). A second issue is the extent to which private brands “free-ride” off leading manufacturer brands (Uncles, 1995). Copy-cat branding has been examined in a number of national and product contexts often stimulated by specific high profile incidents (Burt and Davies, 1999; Balabanis and Craven, 1997; Sparks, 1997; Kapferer, 1995; Miaoulis and D’Amato, 1978)
In contrast to the North American approach, the European perspective on retail product branding (see Burt and Davies, 2010; Burt, 2000 for reviews), has tended to be much more focused on their development from earlier generations of ‘own-labels’ (e.g. Davies, Gilligan and Sutton, 1986; Morris, 1979). Reflecting trends in practice, attention has been drawn to how retail product brands are implemented as part of a marketing strategy. The most widely used description of the development of retail product brands in Europe (Laaksonen and Reynolds, 1994) proposed four generations of retail product brand, each with important differences in product characteristics, production technology input, market position and customer motivation. The authors were clear that these generations of categories do not ‘progress’ through the same linear sequence. The value of the schema is thus in illustrating and/or describing the different forms of retail product brand that can or have exist(ed). The four generations are described as:

- **First Generation** – generics or ‘non-name’ products focusing on basic products with lower quality and inferior image compared to manufacturers’ brands. Price is the key reason for purchase.

- **Second Generation** – own label products often under retailer name but again medium to low quality and portioned as a cheap secondary brand. Price is important with the product used to increase margins and reduce manufacturers’ power.

- **Third Generation** – own brand products which are essentially ‘me-too’ copies of leading manufacturers’ brands. These products are close to the leading brand in position but slightly undercut them on price. These products are sold mainly under the retailers’ name and aim to position the retailer in consumer minds and to build the retailers’ image.

- **Fourth Generation** – Extended retail brand which focuses on adding value for consumers, sometimes by narrow specialized segmentation. Such products are focused on differentiating the retailer and providing a strong positive image. These products e.g. ready meals, could be technologically advanced and priced above any manufacturer competition.
Most visits to major European grocery retailers would show that the retailer focus has been mainly on the latter generations of this typology (Esbjerg and Bech-Larson, 2009). Retailers such as Tesco have developed a tri-brand positioning strategy in terms of price points (e.g. Tesco Everyday Value, Tesco and Tesco Finest) supplemented with consumer segmented retail brand products e.g. Tesco Healthy Living, Tesco Organic, Tesco Goodness for Kids. This segmented approach to retail product brands is common in most major grocery chains in Europe. The contrast with a much more manufacturer brand and simple product brand led US supermarket is quite considerable, and is reflected in the academic perspectives taken. Two American quotations, made at the same time as the Laaksonen and Reynolds typology was published, reinforce this different perspective:

Simple improvements in the extrinsic cues associated with store brands may go a long way towards increasing consumer acceptance of private label brands. European retailers understand this and have been successful in increasing store brand market share though dramatic improvements in package design, labeling, advertising and branding strategies (Richardson, Jain and Dick, 1996a, p. 178).

The European experience shows that store brands, if properly marketed, can create the competitive advantage that most retailers in the USA have yet to achieve. (Dick, Jain and Richardson, 1995, p. 201).

Burt (2000) refers to the strategic role of retail product brands in UK grocery retailing, which distinguishes British retail branding and marketing from many other countries. He accounts for this difference in three main ways:

- The basis and use of retail power in the distribution channel. As retailers gained power in the UK so they have restructured relationships with manufacturers, including those of product supply.
• The centralization of management activities. UK retailing is highly centralized and exerts a considerable degree of control over the production, promotion, stocking, supply and characteristics of products.

• The recognition of the source of retail image. UK retailers have been clearer than perhaps many, of the value their name possesses. The development of conforming stores and added services as non-price competition exploded focused attention on image promotion at many levels including product, brand and store.

In the European, and particularly British context, a more strategic perspective on the role of branding in retailing has led to a wider conceptualization and implementation of the retailer as a brand.

The move away from private label considerations and the emergence of a broader sense of retail branding is also reflected in some US research: ‘As European retailers with high powered corporate branding programs continue to acquire regional chains in the US, the threat to national brands becomes more immediate’ (Dhar and Hoch, 1997, p. 224). This threat came not only directly from the takeover and altered practices, as internationalizing European retailers such as Ahold and Delhaize, brought their product brand strategies with them, but also from the learning that American retailers (e.g. Wal-Mart, CVS and Kroger) implemented. This wider view of retailer branding is reflected by Ailawadi and Keller (2004) in their edited special issue of the Journal of Retailing. First, they raise the question as to whether retailer private labels are related to store loyalty, although they are somewhat ambivalent in their answer, pointing to Steenkamp and Dekimpe (1997), Corstjens and Lal (2000) and others as showing mixed results and being unclear on causality. They also raise the potential for retailer branding to fit with experiential marketing and brand architecture. Both questions point to the futility of
considering private labels as product brands *per se*, given the changing nature of retail branding. By linking experiential marketing (Kozinets et al., 2002) and concepts of brand architecture, the retailer is clearly engaging in corporate retailer branding (Burt and Sparks, 2002), and has moved well beyond traditional product branding. As Woodside and Walser (2006) recognize in a paper on building strong brands in retailing, the brand is ‘an encompassing concept that includes retail firms as well as physical products and services’ (p. 1)

**Retailers as Brands**

As noted above, Ailawadi and Keller (2004) argue for a broader conceptualisation of branding in retailing. They acknowledge that retailer brands are more multi-sensory than product brands and discuss the linkages with retail image in particular. This is clearly the case in fashion retail brands. In the FMCG market, the private brand is regarded as just one part of the brand portfolio offered by retailers, and they suggest that the basis of retail brand equity is the overall image of the retailer held by customers. As the conceptualisation of retail branding has broadened from considerations of the product to considerations of the store experience, research has examined the relationship between the two. The linkages between retail product brands and store image are multi-faceted and multi-dimensional (Jacoby and Mazursky, 1984). Some authors argue that store image influences the product brand, whilst others suggest that the product brand influences store image. Several of the papers published from the Dick, Jain and Richardson study in the mid 1990s noted that store image was an important indicator of retailer product brand quality. Consumer perceptions of the physical environment, merchandise and service quality were important cues in evaluating retailer product brands (Dick, Jain and Richardson, 1995), and store
aesthetics aided the formation of such quality perceptions (Richardson, Jain and Dick, 1996b). Positive store attributes could therefore be leveraged to increase awareness of and build positive perceptions of private brands. Semeijn, Van Riel and Ambrosini (2004) claimed a direct and linear relationship between store image and attitudes towards retailer product brands in the Dutch grocery market: "developing, nourishing and sustaining a store image can create opportunities to achieve differentiation and positioning relative to other chains and see profitable store brands" (p. 256). In a non-grocery context, Vahie and Paswan (2006) found that store atmosphere and store quality positively influenced consumer perceptions of retailer product brand quality in the case of a department store. It was also noted that congruence between national brands and store image could have a negative influence on retailer product brand quality perceptions.

This deepening of the brand concept in retailing brings us into the area of corporate branding. Mårtenson (2007) defines retail corporate image as store image. She concludes that for customers the key factor is the store as a brand, and makes an important observation about the holistic nature of branding in retailing: "A coherent look and feel that reflects the values of the corporate brand is assumed to have a positive impact on the store brands carrying the corporate name" (p. 544)

The retail “product” is the retail shop or store. Despite the focus on retail product brands, for many consumers the retailer is defined not necessarily by the products they stock but by the whole store experience. This is most obvious in fashion brands where the retail store seeks to project an image and experience that aligns with the brand and the products. The store also in many ways represents the ‘face’ of the retailer through
the fascia and name it carries and thus provides the focal point for customer experience and the key link between product brand and corporate brand.

In Dawson and Mukoyama’s (2014) terms there is a fundamental distinction between format and formula. The retail format is available to all businesses, whereby the formula is the company’s own interpretation of the format, normally constructed through brand identity and image. Thus, we can see many fashion stores, (the format) but there are distinct differences between Louis Vuitton and Zara (the formula). In food, retailers operate superstores/hypermarkets (the format) but we can readily identify the differences between the formula adopted by Carrefour and that of Morrisons.

Whilst retailers adapt their formula to the format, they then have to consider the way in which they brand these operations. For some, there is a family of brands, separated to focus on different markets, e.g. Inditex operates Zara, Pull & Bear, Massimo Dutti, Bershka and the consumer alignment is to the brand within the family. For others, the decision has been to use an umbrella approach, e.g. Tesco carries its name above most of its stores and distinguishes amongst them by type of shopping trip/experience, e.g. Tesco Extra, Tesco Express, Tesco Metro etc. In this example there is a direct link to the corporate brand and the approach is to maximise recognition and overall brand value. In other cases the need is to more directly target specific sectors and align with them under a broader corporate umbrella. Either way, the store experience is the direct customer engagement with the business and is pivotal in how customers react to the retail brand as a whole. It is thus a direct bridge between product and corporate brand.
The corporate brand as a concept aligns internal organisational systems and external stakeholder networks with the organisation’s core vision, values and culture. The corporate brand, according to Ind (1997), is the sum of values that represent the organization and is distinct from product branding in three ways. First, a corporate brand is intangible, but has elements of tangibility through communications and relationships with stakeholders; second, it is highly complex because of the variety of relationships involved, and third, there are issues of responsibility arising from the role of people in delivery, and through the organisational sense of ethics and social responsibility. The corporate brand is a relational construct based upon customer relationships built, maintained and delivered by employees; networks of suppliers and partners who deliver enhanced consumer value; and relationships with external stakeholders such as the media, investors, public authorities and local communities all of whom contribute to reputation and perception of the brand.

In the corporate branding literature, retailers are often cited as examples of strong corporate brands. Burt and Sparks (2002) note that the basic features of corporate branding are all inherently applicable in retailing – although they caution that the scope and intensity of relationships with stakeholders may pose challenges in maintaining corporate brand consistency. Further challenges may also arise from the tension between costs and service as productivity gains are sought in retailing, and the added dimension of retail internationalisation. If retailers develop a strong position in a national context, then what components of this brand proposition have meaning in other, international, contexts? How can retailers transfer brand propositions across cultures and how does this relate to core internal and competitive positioning? The potential for the retail corporate brand to be a major vehicle in market driving,
specifically in an international retailing context is another consideration. Tarnovskaya, Elg and Burt (2008), argue that a strong corporate brand (in the case of IKEA) may both provide competitive advantage and determine operational approaches and activities in new international markets such as Russia.

The importance of corporate branding in retailing has been recognised by the industry. In the UK, Burghausen and Fan (2002) explored how retail executives thought about corporate branding in their own organisations. They found an awareness of the corporate brand as a holistic process and the role of the corporate brand in providing a strategic reference point for all activities and behaviours. Respondents also believed that the corporate brand was not fixed but would evolve over time. Managerial perceptions of corporate branding were shaped by an unequivocal customer focus. Corporate values were typically expressed in terms of customer relevant values, and whilst the importance of relational networks to corporate branding was recognised again these were primarily articulated around customer outcomes.

As foreshadowed in Burt (2000), retailers have subsequently begun to see how far they can ‘push’ their branding. There has been a major extension of for example Tesco product branding into services such as finance, banking, computing, pharmacy, will preparations, mortgages, diet advice and internet providing. As a consequence of the strategic approach that retailers are adopting, Burt and Sparks (2002) propose that we are now, for some retailers, seeing a fifth generation additional to the Laaksonen and Reynolds (1994) typology. This further generation positions all actions that the retailer undertakes as supportive of their branding and image position. It sees the brand proposition as encompassing not just product branding but segmented store format
branding (e.g. Tesco Express, Tesco Metro, Tesco Extra, Tesco.com and Carrefour, Carrefour Market, Carrefour Express etc) and indeed all corporate activities, within a broad brand architecture. Whilst only a few retailers might be considered to have gone this far, this does open up possibilities for others. There are though dangers in brand architecture development and brand extensions if not fully thought through (Grunert et al., 2006; Alexander and Colgate, 2005). This goes back to questions of the inter-relationships and clarity of the brand architecture and brand hierarchy adopted.

Whilst we have generalized two approaches to retailer branding and slightly caricatured them as being typical of the USA (private labels) and the UK (corporate branding) respectively, the situation is of course more complex. European researchers have also been concerned with the economics of private label (e.g. Bergès-Sennou, Bontems and Réquillart, 2004) and American researchers have been concerned with a broader view (i.e. more corporate) of retail branding (e.g. Woodside and Walser, 2006). A core point however is consistent: those retailers that are concerned with more than product functionality in branding appear more likely to have success. The question that arises from this is how best to achieve this more holistic ‘corporate’ approach to branding in retailing? It is clear that retailers that simply try to dictate their view of the world to consumers are likely to have a hard time. Instead, retailers have to be embedded in the social and cultural norms of the country in which they are operating; they need to seek, or even create, ‘legitimation’ (e.g. Arnold, Handleman and Tigert, 1996).

Retailers should be aware of their social and cultural environments as well as the economic ones. They then consider how this knowledge can be used to further their
position, image and reputation. Being socially and culturally embedded will mean that a retailer would be closely aligned with the values, ethos and position of the customer group they most want to target. The wider that target spectrum of society the greater the challenge to be able to bridge social, cultural and value differences. There is an important choice as to whether these differences can be bridged within a single format or brand, typically the case in fashion, or as a series of niche single or multi-brand stores. The need for the retail operation and retailer brand to be socially and culturally embedded in its marketplace is clearly evident when retailers move across borders. In the process of internationalization retailers have on occasion failed to adapt to different cultural norms or to the way that society groups itself in the consumer market (e.g. Marks and Spencer in Canada, Home Depot in Chile (Bianchi and Arnold, 2004), Sainsbury in Egypt (El-Amir and Burt, 2008)) or even gone too far in being local (e.g. Carrefour in Japan). Others have embedded more successfully and ‘learnt to be local’ (Wood, Coe and Wrigley, 2014; Coe and Lee, 2013). Of course, as in home markets, this is an ever changing process with new societal groupings emerging and the privileging of different aspects of the socio-cultural and value nexus and the brand needs to be able to adapt accordingly.

The social and cultural world is inhabited not only by prices and opening hours and other economic facets, but by symbols, signs, beliefs, attitudes, perceptions, brands and other appeals. Decoding such intangible (and tangible) attributes is the function of semiotics. The use of semiotics is an established tool in consumer research but has had less consideration in retailing. This absence of semiotic study in retailing is a little curious given the presence of so many signs and symbols in retailing (including brands) and the long-run concern that retailers (and researchers) have had for atmospherics at
the store level (e.g. Summers and Hebart, 2001; Chebat and Dube, 2000; Baker, Levy and Grewal, 1992), including the impact on private label purchase (e.g. Richardson, Jain and Dick, 1996b), links to brand perceptions (e.g. Beverland et al., 2006) and in merchandising. Store atmospherics in all its physical and symbolic elements (e.g. Spence et al., 2014) has a clear link to brand perception.

Arnold, Kozinets and Handelman (2001) look at the institutional semiotics of Wal-Mart flyers (i.e. the advertising leaflets provided in newspapers or in-store). They note that Wal-Mart flyers are ‘distinctive’, causing the authors to seek to ‘unravel the symbolic puzzle…of Wal-Mart flyers … and draws attention to the importance of retail image and retail symbolism’ (p. 243). The best summary of their findings is provided by later work on Wal-Mart flyers in a number of countries (Arnold et al., 2006, p. 145):

The reader was determined to be a working-or middle-class American female between the ages of 25 and 55 whose main concern was her family and especially her children. In turn, the Wal-Mart speaker was revealed to be an ordinary, plain spoken person who might also be a friendly neighbour or even a trusted friend. The interpretation further identified the mythology of Homo economicus – adherence to the Puritan/Calvinist virtue of thrift through paying low prices and being a smart shopper.

The analysis also identified the mythology of family, emphasizing the institutional norms of caring, loyalty and commitment. Furthermore, it revealed the mythology of America, which is characterized by the norms of anti-statism, populism, egalitarianism and especially patriotism. Finally, the mythologies of community and hometown pointed to an idealized small-town America where friends, family and neighbours meet and socialize while shopping at their local, friendly, Wal-Mart store.

Their analysis points to the ways in which Wal-Mart and its customers experience each other through communication media and through their interactions (tangible or intangible) reinforce common beliefs about economics, society and culture. Some of the symbolism is implicit and understated whereas other components are explicit and
up-front. The key message however is that none of this symbolism happens by accident, but is generated by a sophisticated understanding of consumer desires and beliefs as well as their hopes and often unstated ambitions. It is the brand that carries these meanings. Wal-Mart has portrayed an image rather than a product position and is essentially a corporate brand with tangible and intangible attributes that ‘chime’ with consumers.

We started this chapter by considering retailer identity, and have in effect come a full circle through our discussion of the evolution of and application of branding in retailing.

**Retail Branding: Contemporary Issues**

Retail branding in practice and in research has developed remarkably since its early conception. The volume of research and the sophistication of practice continue to expand. New issues and emerging topics, as well as research filling in the gaps and the detail of the Ailawadi and Keller (2004) agenda, continue to be produced (Burt and Davies, 2010). Changing retail practices, not least at a time of global recession, yet alone global integration, continue to shape new agendas. Here, this work is considered under two contemporary themes: brand experiences and relationships; and retail internationalization.

As retail brands have become more sophisticated and holistic, so the concepts of the brand personality and the brand experience have become more significant. The meaning of the brand becomes the driving force for the retailer. However it is clear that retail brand meanings are not simply a transfer from producer to consumer, but are rather co-
created (Tynan. McKechnie and Chhuon, 2010) with brand meanings being subject to
brand morphing (e.g. Merrilees and Miller, 2010) i.e. multiple retailer brand meanings
can co-exist, some transferred and some adopted by and/or co-created with customers.

Retailers obviously wish to portray a version of themselves as the brand and are in
control of much of the mechanics of the brand (though given the store situation and
consumer reactions, not all). Retailers thus create a brand ideology, personality and
impression. Their ability to succeed in this depends on their accurate reading of the
market and brand congruence across activities, networks and behaviours, but critically
also the receptiveness of, or associations received, by consumers. It does not always
work out as intended, as the study of the House of Barbie in China shows (McGrath,
Sherry and Diamond, 2013).

The example of House of Barbie also points to the role of flagship and brand themed
stores in the development of the story of the brand. Themed flagship stores have been
the subject of a body of research since the early 2000’s (Kent and Brown, 2012;
Kozinets et al., 2002) which have sought to understand brand meaning (Hollenbeck.
Peters and Zonkhan, 2008), brand ideology power (Borghini et al., 2009) and the value
of flagships vs ‘ordinary’ brand stores (Dolbec and Chebat, 2013). The power of
flagship stores is seen in providing something out of the ordinary (Möller and Herm,
2013) leading to Dion and Arnould (2011, p 502) emphasizing the role of the
‘charismatic creative director…. (offering)….. and aesthetic brand. The retail brand has
become an experience with the flagship at its apogee.
The issue of co-creation of brands also raises concerns over the interaction between brand use and what the brand says about consumers. This has always been part of branding, but in the fashion industry has become more of an issue as fashion has become more mainstream (Willems et al., 2012). The relationships amongst the various branding elements in retailing have thus been a concern with for example research on brand personality and its effects on store loyalty (Zentes, Morschett and Schramm-Klein, 2008), store brands and their relationship to retailer brand image (Kremer and Viot, 2012) and corporate reputation and store equity (Swoboda, Berg and Schramm-Klein, 2013). These are all illustrations of a continuing need both to unpick and to integrate the relationships amongst different levels and components of the brand architecture; this increasingly involves assessing the meanings (for various groups) of the brand architecture components, including unwelcome associations sometimes adopted by consumers (e.g. Burberry and ‘chav’ culture).

One often overlooked aspect of these interactions is the effects of the changing nature of retail operations. The rise of the internet has raised the issue of brand development, brand meaning and brand personality, amongst others, on the internet and on websites or social community pages. As established retailers develop omni-channel strategies, transferring brand values and brand identity from a “tangible” store (where many of the attributes and behaviours reflecting the brand can be seen, touched and directly experienced by consumers) to a virtual setting, poses challenges. Retail experience and performance are ways in which the brand becomes exposed on the web.

Secondly, as touched on earlier, the internationalisation of retailing has added another dimension to the research on brands and retail branding. As international activities,
typically store based, have expanded, so questions of brand transference have emerged (e.g. Burt and Mavromatis, 2006; Burt and Carralero-Encinas, 2000) but new questions, new countries and new interactions are continuing to develop and question our assumptions (Diallo, Burt and Sparks, 2015; Diallo, 2012). The importance of embedding a brand into a new social and cultural (and competitive) context, the relationship between different elements of brand architecture, and the importance of customer interaction and experience with the retailer all raise questions for brand transfer across borders. Some transferring retailer brands (notably in fashion) may be well known through social and other media exposure; their arrival in country is an event anticipated by customers, as shown by the huge crowds when H&M entered Singapore. Alternatively, the brand proposition may be so embedded in its domestic culture that it is completely novel and unheard of in the target market, such as Clas Ohlsen on entering the UK. Whilst the underlying aims and objectives of corporate branding will apply in both cases, the implementation and emphasis placed on brand activities will be very different. The emergence of social media and the option of non-store engagements and international internet based purchasing add further potential complications.

**Summary**

In this chapter we have argued that branding in retailing has evolved from the level of the product to the level of the company, via the retail store. Whilst in many ways this appears to be a simplistic hierarchy it represents a growing recognition that retail branding should be holistic. The inter-relationships between, and meanings amongst, these “levels” of retail branding (and the relationships with consumers) provide future foci for research in retail branding. By portraying a clear image based not only on economic considerations but on socio-cultural ones and by turning all activities into
support activities for the retailer brand, retailers can become clear leaders in branding and marketing. Failure to do this on the other hand leads to a subservient position compared to manufacturers and competitors. Consumers want both manufacturer and retailer brands, but they need to be persuaded about the benefits from both, time and again. There is though no given assurance that what retailer branding proposes will be accepted by all, or even some, consumers. Retail branding requires careful consideration of how the image and brand are developed and delivered, how they relate to consumer needs, demands and perceptions and an understanding of the importance of economic and symbolic dimensions of activities. Reactions to and usage of retail brands also need very close attention, even in real-time via social media in some cases. Retail brand equity is hard-earned, but easily lost, and retailers have to ensure that their organization as a whole is supporting their brands in their entirety.
Further Reading


References


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There is confusion over the use of terminology both amongst authors and countries and over time. In some, especially American literature, the term “store brands” is used, but this is meant in the same way as we use “private label” and “private brands”. In this paper, we reserve store brands for what we later on describe as the branding of a store e.g. Tesco Metro versus Tesco Extra i.e. the Tesco formula for the different formats of a convenience store and a hypermarket. It is important to recognise that in the literature such distinctions are often not clear.